

By letter, the Commission's Executive Director instructed UAI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. UAI complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On April 3, 2000, counsel for the SCTC filed with the Commission a Stipulation in which UAI stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until UAI provided written notice of its intent prior to the date of the intended service. UAI also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. UAI agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to UAI provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on April 26, 2000, at 2:30 p.m. in the Commission's Hearing Room. The Honorable William Saunders, Vice Chairman, presided. UAI was not represented by counsel. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Tina Tygielski, Director of Regulatory Affairs for UAI, appeared and testified in support of the application. Ms. Tygielski provided a letter from Scott Fehlan, Secretary and General Counsel of UAI, which authorized Ms. Tygielski to speak on behalf of UAI in the hearing. According to Ms. Tygielski, UAI is a Delaware corporation that has received authorization to transact business within the State of South Carolina from the Secretary of State for South Carolina. UAI's principle office is located in Chicago,

Illinois. UAI seeks authority to provide local services, including but not limited to basic residential exchange services, residential custom and class features, basic business exchange services, business customer calling features and class features, adjunct provided features (voice messaging, etc.), business and residential ancillary services (911, E911, 411, relay service, directory listing, directory assistance, etc.), inside wire arrangements, wire maintenance plans, repair and maintenance, centrex, ISDN, AIN provided features, DID trunks and lines, and internet access. For interexchange services, UAI seeks authority to operate as a reseller of intraLATA and interLATA intrastate telecommunications services, including but not limited to direct-dialed services including (1+) service, flat rate service, 800 inbound service, and travel card and prepaid calling cards. UAI is in the process of obtaining authorization to provide local and interexchange service nationwide.

Ms. Tygielski explained that UAI targets ISP providers but will serve both residential and business customers. UAI will use direct marketing methods to market its services and has no plans to use telemarketing in South Carolina at this time. Customer service representatives are available from 7:00 a.m. through 7:00 p.m. and an answering service handles calls after hours. Repair service will be dispatched after hours but billing type complaints will be referred to normal hours or will be returned by customer service representatives during normal hours.

UAI has obtained authorization to provide local exchange and interexchange services in 20 states. Ms. Tygielski testified that UAI will obtain service from certified

carriers such as BellSouth for local services and AT&T, MCIWorldCom, or Qwest Communications for long distance services.

Ms. Tygielski described UAI's management team as having extensive experience in the telecommunications industry. The founders of UAI were with TCG for approximately ten years prior to founding UAI. Other personnel, from sales persons to marketing personnel, also have experience in the telecommunications industry. Further, Ms. Tygielski stated that UAI's personnel represent a broad spectrum of business and technical disciplines, possessing many years of individual and aggregate experience.

Regarding UAI's technical resources, Ms. Tygielski stated that UAI is adding an engineering staff so that the engineering staff can work with the underlying carriers to address outages or problems. UAI also relies on the technical abilities of its underlying carriers.

With regard to UAI's financial resources, Ms. Tygielski acknowledged that the financial information submitted with the application indicate a strong cash position and strong current ratio, or that current assets are able to cover current liabilities. A review of the financial information filed with the application indicates a very liquid company as of September 30, 1999, with a healthy current ratio and little long term debt. Ms. Tygielski also stated that UAI had recently raised 40 million dollars through an IPO.

Upon certification from this Commission, Ms. Tygielski warranted that UAI will abide by all the Rules and Regulations of the South Carolina Public Service Commission. Ms. Tygielski affirmed that UAI would participate in support of universally available telephone service at affordable rates and that UAI would provide services which meet the

applicable service standards of the Commission. Further, Ms. Tygielski testified that the provision of local service by UAI would neither adversely impact the public interest nor would UAI's service adversely impact the availability of affordable local exchange service. Ms. Tygielski offered that approval of UAI's application is in the public interest because residential and business consumers will receive increased choice, improved quality of service, and heightened opportunities to obtain improved technology in their homes and businesses. Further, market incentives for new and old telecommunications providers will be improved through an increase in diversity of suppliers and competition. Further, the granting of authority will offer increased efficiency of the state's telecommunications infrastructure.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. UAI is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. UAI is a provider of local exchange telecommunications services and interexchange telecommunications services, and UAI wishes to provide its services in South Carolina.

3. The Commission finds, based upon the evidence presented at the hearing, that UAI has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 1999).

4. The Commission finds that UAI's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 1999).

5. The Commission finds that UAI will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 1999).

6. The Commission finds that UAI will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 1999).

7. The Commission finds that the provision of local exchange service by UAI "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 1999).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to UAI to provide competitive resold and facilities-based intrastate local exchange service in South Carolina. The terms of the Stipulation between UAI and SCTC are approved and adopted as a part of this Order. Any proposal to provide service to rural service areas is subject to the terms of the Stipulation. In addition, UAI is granted authority to provide

intrastate interLATA interexchange service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. UAI shall only charge those rates and charges approved it is tariffs on file with the Commission, as provided in S.C. Code Ann Section 58-9-230 (Supp. 1999).

3. UAI shall file, prior to offering local exchange telecommunications services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters.

4. Any proposed change in rates for local telecommunications services must be made in compliance with S.C. Code Ann. Section 58-9-520 (Supp. 1999) and 58-9-540 (Supp. 1999).

5. With regard to the long distance service offerings of UAI, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

UAI shall not adjust its long distance rates below the approved maximum level without notice to the Commission and to the public. UAI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public

notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for long distance services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

6. If it has not already done so by the date of issuance of this Order, UAI shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. UAI is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale of interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. UAI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If UAI changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, UAI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. UAI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A. Further, UAI shall file such other annual financial information as the Commission requires of competitive local exchange companies. This information includes annual reports and gross receipts reports. As the surveillance report, indicated on Attachment A, and the annual report and the gross receipt report necessitate the filing of intrastate information, UAI shall keep such financial records on an intrastate basis as needed to comply with these reporting requirements.

12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

UAI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

13. UAI shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

14. UAI requested waivers from certain Commission regulations and requirements. Specifically, UAI requested waivers from (1) any requirement that UAI maintain its books and records under the Uniform System of Accounts (“USOA”), (2) the requirement found in Rule 103-631 to publish and distribute local exchange directories, and (3) any reporting requirement which although applicable to incumbent LECS, are not applicable to competitive providers. At the hearing, UAI also requested a waiver from the requirements found in Rule 103-610 that all records be kept within the State of South Carolina. The Commission grants UAI’s request that it be allowed to maintain its books and records using Generally Accepted Accounting Principles (“GAAP”), rather than USOA. The Commission also grants the request for waiver from the requirement to publish directories as UAI has indicated that it will contract with the incumbent local exchange company to include the customers of UAI in the directory listing of the ILEC directory. Further, the Commission grants the request for a waiver from the requirement

contained in Rule 103-610 that all records be kept within the State of South Carolina as UAI has indicated that its principal place of business is located in Chicago, Illinois. Furthermore, UAI has indicated that it will make its records available for inspection upon request by the Commission. However, the Commission denies UAI's request that it be exempt from reporting requirements. UAI shall make reporting requirements as required of all CLECs operating in South Carolina. UAI is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

15. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs UAI to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, UAI shall contact the 911 Coordinator in each county, as

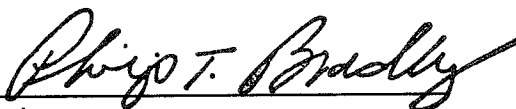
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well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

16. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

DOCKET NO. 2000-0022-C - ORDER NO. 2000-0415
MAY 11, 2000
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'

COMPANY NAME

FEIN

ADDRESS PHONE NUMBER

CITY, STATE, ZIP CODE FAX NUMBER

1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS
ENDING DECEMBER 31, OR FISCAL YEAR. \$
4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING
DECEMBER 31, OR FISCAL YEAR. \$
5. PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED
COST PERCENTAGE (%)
6. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF
EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF
ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).
7. **CONTACT PERSON FOR ALL FINANCIAL INQUIRIES AND REPORTING:**

NAME

ADDRESS (IF DIFFERENT FROM COMPANY)

TELEPHONE NUMBER

SIGNATURE

NAME PLEASE PRINT OR TYPE

TITLE

MAY 11, 2000

ATTACHMENT B

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-0022-C

Re: Application of Universal Access, Inc.)
for a Certificate of Public Convenience and)
Necessity to Provide Resold and Facilities-)
based Local Exchange and Interexchange)
Telecommunications Services in the State)
of South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Universal Access, Inc. ("Universal Access") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Universal Access's Application. SCTC and Universal Access stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Universal Access, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Universal Access stipulates and agrees that any Certificate which may be granted will authorize Universal Access to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Universal Access stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Universal Access stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area,

unless and until Universal Access provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Universal Access acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Universal Access stipulates and agrees that, if Universal Access gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Universal Access will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Universal Access acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.


7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Universal Access, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Universal Access agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

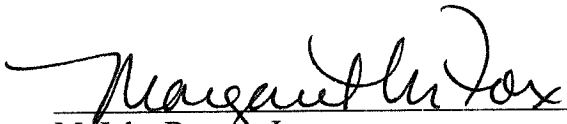
9. Universal Access hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 21st day of March, 2000.

Universal Access, Inc.:


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Attorney for Universal Access, Inc.

South Carolina Telephone Coalition:


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Post Office Box 11390
(803) 799-9800
Attorneys for the South Carolina Telephone Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company